

FISCAL NOTE

SB 3692 - HB 3838

February 27, 2008

SUMMARY OF BILL: Permits any licensed and operating nursing facility to relocate less than all of its beds to a new location within its service area under certain circumstances.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Not Significant
Increase State Expenditures – \$2,558,100

Other Fiscal Impact – Increase Federal Expenditures - \$4,575,000

Assumptions:

- Any increase in expenditures resulting from the Health Services Development Agency reviewing and approving additional relocation applications will be offset by the increase in revenues from application fees. These expenditures and revenues are estimated to be not significant.
- According to the Bureau of TennCare, movement of any number of beds from a decertified facility to a Medicaid certified facility will increase the number of beds reimbursed by TennCare because the beds will become Medicaid beds.
- On average, a nursing home will have 160 beds with an 89 percent occupancy rate.
- If a decertified facility moved all possible beds, or 159, to a certified facility, TennCare would incur an increase in expenditures to reimburse 141 (159 beds x 89% occupancy) additional beds because the facility will have a list of individuals waiting for a Medicaid reimbursed bed.
- On average, TennCare reimburses each bed at a rate of \$138.60 per day.
- This would result in an increase in expenditures of \$7,133,049 (141 beds x \$138.60 per day x 365 days).
- Of the \$7,133,049, \$2,558,054 will be state funds at a rate of 35.862 percent and \$4,574,995 will be federal funds at a 64.138 percent match rate.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml